

Section 3: Economic Opportunities

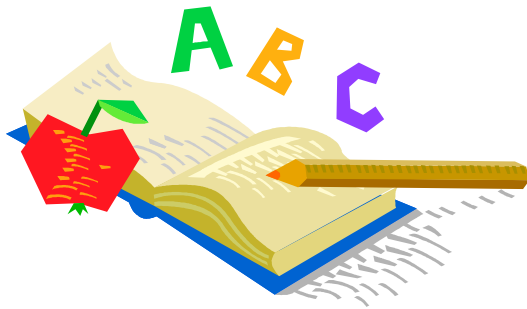


Memphis Fair Housing Month Celebration
April 11, 2014

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity

Topics to be Covered

- Basic Requirements
- Recipient Responsibilities
- Connection to Indian Housing
- Section 3 Covered Program Funding
- Resources & Trends

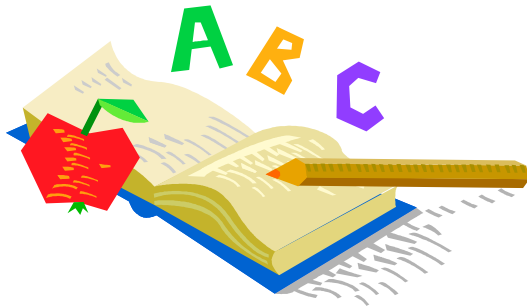


The Basics

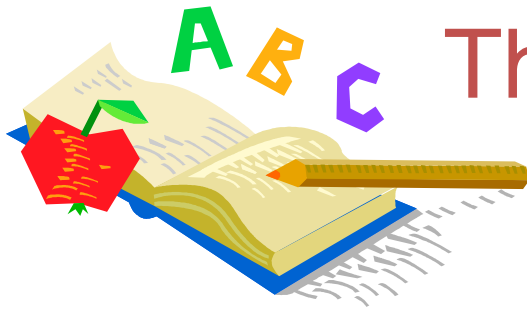
The purpose of Section 3 is to ensure that employment,(training and contracting) generated by certain HUD financial assistance shall, (TGEF) ..., be directed to low- and very low-income persons...and to business concerns which provide economic opportunities to (those) persons.

§135.1

The Basics

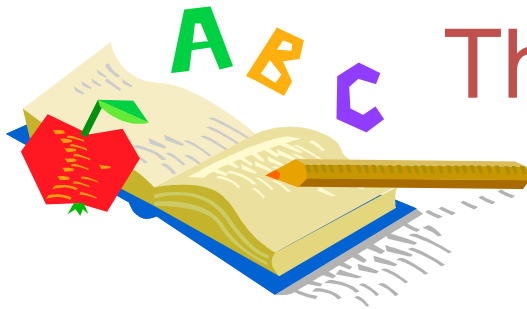


- Section 3 regulations do not require hiring or subcontracting unless it is necessary to complete the project.
- Numerical Goals:
 - 30% of new hires
 - 10% of Construction Contracts
 - 3% of Non-construction Contracts



The Basics - *continued*

- Applies more broadly to PHAs
- HCDs: construction related activity only
- Applies to HUD financed activity, fully or partially funded - §135.3(b)
- Thresholds: \$200K per recipient; not project, for HCDs - §135.3(a)(3)
- Section 3 is **race and gender-neutral**.



The Basics - *continued*

Intended Beneficiaries

- Local low income-persons per HUD defined household income limits
- Businesses that are owned by or substantially employ such persons
- A Section 3 resident must meet the qualifications of the position to be filled - §135.34(c)
- A Section 3 business concern must have the ability and capacity to perform - §135.34(a)(2)

Eligibility for Employment and Training



Section 3 Residents :

- Eligibility for Preference - A section 3 resident seeking the preference in training and employment shall certify, or submit evidence to the recipient contractor or subcontractor, if requested

§135.34(b)

- Eligibility for Employment - Must meet the qualifications of the position to be filled.

§135.34(c)

Eligibility for Contracting



Section 3 Businesses:

- Eligibility for Preference - A section 3 business seeking the preference in contracting shall certify, or submit evidence to the recipient contractor or subcontractor, if requested.

§135.36(b)

- Eligibility for Contracting- the business must be responsible and have the ability to perform successfully under the terms and conditions of the proposed contract.

§135.36(c)

Covered HUD Program Funding

Program	Covered Activity
PIH Modernization	Rehabilitation
PIH Operations	Maintenance
HOPE VI	Construction/rehab
Choice Neighborhoods	Construction/rehab
CDBG	Construction/rehab
HOME	Construction/rehab
Disaster Recovery	Construction/rehab
Section 202/811	Construction/rehab
Lead Abatement	Construction/rehab

Recipient Responsibilities

- Notify Section 3 residents and businesses about economic opportunities
- Notify contractors about the requirements of Section 3
- Facilitate compliance among contractors
- Meet contracting and employment goals
- Documenting actions taken to comply

Section 3 Performance: Tennessee 2010 to 2012

	2012	Percent	2011	Percent	2010	Percent
Total New Hires	620		776		1709	
Section 3 New Hires	149	24.0%	130	16.8%	193	11.3%
Total construction contracts	\$138,759,254		\$109,310,124		\$170,727,446	
Non-construction contracts awarded to Section 3 businesses	\$7,232,230	5.2%	\$3,294,950	3.0%	\$4,083,253	2.4%
Section 3 businesses receiving non-construction contracts	174		93		156	
Total Non-construction contracts	\$31,499,743		\$23,105,873		\$32,431,020	
Non-construction contracts awarded to Section 3 businesses	\$1,929,153	6.1%	\$379,808	1.6%	\$1,433,908	4.4%
Section 3 businesses receiving non-construction contracts	32		47		54	

Section 3 New Reporting System

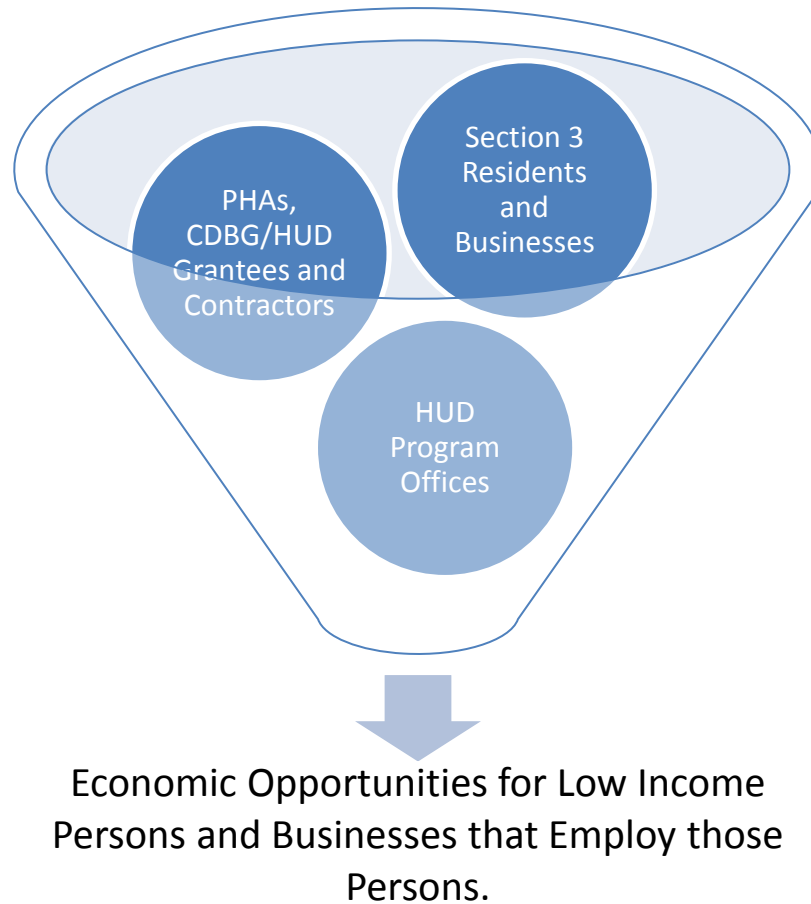
- Developed with current, web-based software
- Direct link to expenditures from LOCCs
- Safeguards against incomplete reporting
 - flags shortfalls for numerical goals
 - prevents submission w/o explanation
- Facilitates multiple entries per recipient
- Users can save output in PDF
- Anticipated System Re-launch – April 2014

Section 3 Business Registry Pilot

Pilot Program Launched November 2012

- D.C, Detroit, L.A., Miami & New Orleans
- Available to contractors located within each respective metro area
- Self certification: www.hud.gov/sec3biz
- Anticipated national expansion

Win-Win Relationships





US Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity
Economic Opportunity Division

section3@hud.gov

www.hud.gov/section3

www.hud.gov/sec3biz